

Message Text

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PAGE 01 STATE 016140
ORIGIN SS-25

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FM SECSTATE WASHDC
TO AMEMBASSY BONN IMMEDIATE

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STADIS/////////////////////////////////
TOVIP 07 EXDIS

E.O. 11652: GDS

TAGS: PFOR, XG, US

SUBJECT: EUR EVENTS JANUARY 24

FOR ASSISTANT SECRETARY HARTMAN ONLY FROM LOWENSTEIN

1. GREECE: JOHN HALL HAD A GOOD TALK WITH NELSON LEDSKY TODAY. (PETER TARNOFF HAD PASSED THE WORD THAT THAT LEVEL WAS APPROPRIATE). HALL IS VERY ANXIOUS THAT THE US IMPROVE ITS IMAGE IN GREECE BUT HE HAD NO NEW IDEAS OR PROPOSALS.
2. UK: THE BRITISH EMBASSY HERE HAS TOLD THE DESK THAT CALLAGHAN, IN ACCORDANCE WITH SIGNALS FROM THE WHITE HOUSE, IS GOING AHEAD AND PLANNING ON A WASHINGTON TRIP MARCH 10-12.

SECRET

SECRET

PAGE 02 STATE 016140

3. NSC: STATE HAS RECEIVED BRZEZINSKI MEMOS REQUESTING PRESIDENTIAL REVIEW MEMORANDA ON THE FOLLOWING SUBJECTS (DUE DATES IN PAREN):

- CYPRUS/AEGEAN (JAN. 27)
- MBFR (JAN. 31)
- NORTH-SOUTH STRATEGY (FEB. 28)

- SOUTH AFRICA AND RHODESIAN NEGOTIATIONS (JAN. 31)
- INTERNATIONAL (ECONOMIC) SUMMIT (MARCH 28)
- NON PROLIFERATION (FEB. 28)

WE HAVE ALSO RECEIVED DRAFT PRM TASKING MEMOS FROM THE NSC ON EUROPE AND SALT.

4. NON PROLIFERATION: YOU WILL SEE BY STATE MESSAGE SENT TO BONN, THAT A JOE NYE BACKGROUNDER ON THE FRG-BRAZIL DEAL LEAKED. AS AGREED IN A MEETING CHAIRED BY THE SECRETARY, THE GERMANS AND BRAZILIANS HAVE BEEN CALLED IN TO TELL THEM WHAT HAPPENED. I DID THIS WITH HANSEN THIS AFTERNOON.

5. SPAIN: ARMY LIEUTENANT-GENERAL EMILIO VILLAESUSA, HEAD OF THE SUPREME MILITARY TRIBUNAL, WAS SEIZED SUNDAY OUTSIDE HIS MADRID HOME AND DRIVEN AWAY BY SEVERAL MEN. THE IDENTITY AND DEMANDS OF THE KIDNAPPERS ARE NOT KNOWN BUT SPECULATION CENTERS ON GRAPO, THE GROUP STILL HOLDING ANTONIO ORIOL. EMBASSY MADRID REPORTS THAT THE SENIOR MILITARY ARE OUTRAGED BUT BELIEVES THAT MILITARY DISCIPLINE AND LOYALTY TO THE KING WILL KEEP THEM IN LINE FOR NOW.

6. CANADA: PHIL HABIB SIGNED SATURDAY THE FULL POWER AUTHORIZING JULES KATZ TO SIGN THE TRANSIT PIPELINE AGREEMENT. IT WILL PROBABLY BE SIGNED HERE THIS WEEK.

THE TRUDEAU VISIT (FEB 21-22) WAS ANNOUNCED SIMULTANEOUSLY
SECRET

SECRET

PAGE 03 STATE 016140

TODAY HERE AND IN OTTAWA.

7. ITALY: FORMER VP AND MRS. ROCKEFELLER HAVE ACCEPTED PRESIDENT LEONE'S INVITATION FOR A PRIVATE VISIT TO ROME FEBRUARY 18-22.

8. TURKEY/USSR: CAGLAYANGIL VISIT TO MOSCOW, REPORTEDLY SCHEDULED FOR WEEK OF FEBRUARY 7, HAS BEEN DELAYED UNTIL MARCH OR EVEN LATER. ACCORDING TO TURKISH MFA, REASON FOR DELAY WAS "SCHEDULING MISUNDERSTANDING."

9. OECD: WE UNDERSTAND THAT TREASURY PREPARED A PAPER FOR THE VICE PRESIDENT ON THE FINANCIAL SUPPORT FUND WHICH TAKES A RATHER NEGATIVE VIEW OF U.S. PARTICIPATION. YOU MAY WISH TO DISCUSS THIS WITH BERGSTEN TO MAKE SURE THAT THE OPTION OF U.S. RATIFICATION OF THE FSP AGREEMENT IS NOT FORECLOSED.

10. CYPRUS: BONN 1303 REPORTS THAT VAN WELL WILL MEET

WITH LABOULAYE AND HIBBERT BEFORE THE JANUARY 25-26 EC
POLITICAL DIRECTORS MEETING IN LONDON TO COORDINATE VIEWS
ON CYPRUS AND WILL ADVOCATE A NEGOTIATING INITIATIVE
(WORKING CLOSELY WITH THE US) "BROADER THAN THE PRINCIPLES."

11. SE NOTES: NELSON LEDSKY AND COMPANY RECEIVED A VISIT
IN THEIR OFFICES FROM SECRETARY VANCE, DEPUTY SECRETARY
CHRISTOPHER, UNDER SECRETARY HABIB, DIRECTOR GENERAL LAISE
AND PRESS SPOKESMAN CARTER, WHO WERE ON A WALK THROUGH
THE BUILDING. NELSON ALSO HAD A MEETING WITH
NIMETZ AND PROVIDED HIM WITH THE VARIOUS PAPERS PREPARED
OVER THE LAST THREE MONTHS.

12. SOVIET TRADE: SOVIET TRADE REPRESENTATIVE MKRTUMOV
CALLED ON JACK ARMITAGE JAN. 24 TO PURSUE THE POSSIBILITY
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SECRET

PAGE 04 STATE 016140

OF ESTABLISHING A SOVIET-OWNED COMPANY WHICH WOULD HANDLE
THE SALES AND SERVICING OF SOVIET TRACTORS IN THE US
(CURRENTLY HANDLED BY SATRA). THE SOVIETS WANT TO FORM -
THEIR OWN IMPORTING COMPANY IN NEW YORK WITH 3-4 PER-
MANENT SOVIET RESIDENTS. THEY WOULD USE US DISTRIBUTORS
AND DEALERS TO MARKET THE TRACTORS. WE WILL DISCUSS THIS
MATTER WITH THE TRADE AND ECONOMIC COUNCIL, WHICH HAS BEEN
ADVISING MKRTUMOV. WHILE WE DO NOT EXCLUDE THE POSSI-
BILITY OF A SOVIET COMPANY, WE BELIEVE THE FIRST STEP IS
TO ARRANGE FOR THE DISTRIBUTION NETWORK. SOVIETS WOULD
NOT NEED TO RESIDE HERE ON A FULL TIME BASIS FOR THIS
PURPOSE.

13. IEA CHAIRMANSHIP. BOSWORTH SPOKE TO DAVIGNON THIS
AFTERNOON ABOUT IEA CHAIRMANSHIP. EC HAS DECIDED TO
SUPPORT ROHWEDDER (FRG) RATHER THAN THE TOWE (CANADA) AND
ERSBOLL (DENMARK) COMPROMISE RECENTLY SUGGESTED BY
DAVIGNON. WE CONCUR WITH EB THAT WE GO WITH ROHWEDDER
AT JANUARY 31-FEBRUARY 1 IEA GOVERNING BOARD MEETING.
OUR ACTION WILL BE SEEN AS ACCEPTING CONSENSUS FOR
ROHWEDDER, NOT OPPOSING TOWE.

14. PORTUGAL -- CONSORTIUM: AT JANUARY 24 REVIEW OF PRO-
POSED GENERAL APPROACH TO POSSIBLE CONSORTIUM PARTICIPANTS,
TREASURY (SYVRUD, REFLECTING YEO'S CONVERSATIONS WITH
SOLOMON) SAID WE SHOULD FIRST CONSULT FRG, FRANCE AND
JAPAN ON MODALITIES OF PUTTING CONSORTIUM TOGETHER AND
THEN GO TO OTHERS. THESE INITIAL CONSULTATIONS, PREFERABLY
DONE BY SENIOR OFFICIAL SUCH AS COOPER OR SOLOMON, WOULD
COVER: (A) STRUCTURE OF CONSORTIUM, INCLUDING PARTI-
CIPANTS; (B) BEST WAY TO APPROACH OTHER PARTICIPANTS,

E.G. POSSIBLE JOINT GOP-U.S.-FRANCE-FRG-JAPAN APPROACH;
(C) SHARES OTHER PARTICIPANTS MIGHT REASONABLY BE
EXPECTED TO TAKE; (D) IMF ROLE. ROSIER OF FRANCE MIGHT
HAVE ESPECIALLY HELPFUL SUGGESTIONS ON HOW TO PUT THE
CONSORTIUM TOGETHER (YEO HAS PREVIOUSLY TALKED WITH
SECRET

SECRET

PAGE 05 STATE 016140

ROSIER). TREASURY'S VIEW OF JUSTIFIABLE COUNTRY SHARES
IS BASED ON PERCENTAGE PARTICIPATIONS IN THE GAB

(EXCLUDING ITALY AND UK GAB SHARES) AS FOLLOW, IN MILLIONS
OF DOLLARS: USA 550 (SOMEWHAT ABOVE GAB SHARE); FRG 400;
FRANCE 120; JAPAN 285; SWITZERLAND 90; BELGIUM 45; IRELAND
10; NETHERLANDS 60; CANADA 45; SWEDEN 30. ALSO THE
FOLLOWING NON-GAB MEMBERS, SHARES BASED ON IMF QUOTAS:
DENMARK 15; NORWAY 15; AUSTRIA 15. TOTAL COMES TO DOLLARS
1680 MILLION, ON ASSUMPTION SOME COUNTRIES WOULD NOT MEET
SUGGESTED LEVELS. THOUGH FORMULA IS DEFENSIBLE, IT DOES
NOT ACCOUNT FOR NORWAY'S RELATIVE AFFLUENCE, E.G. AS
COMPARED WITH AUSTRIA. RESULTS OF INITIAL CONSULTATIONS
WOULD BE WOVEN INTO GENERAL APPROACH TO ALL PARTICIPANTS
ON WHICH WE WOULD OBTAIN GOP CONCURRENCE BEFORE ACTING.
TAKING SOUNDINGS NOW WITH FRG, FRANCE AND JAPAN ON HOW
TO GET CONSORTIUM STARTED CAN BE DONE WITHOUT FURTHER
CONSULTATION WITH GOP INASMUCH; AS GOP HAS REPEATEDLY
URGED US TO TAKE THE LEAD IN FORMING A CONSORTIUM.

FINALLY, SYVRUD REPORTED THAT YEO PERSUADED THE BIS
TODAY TO ACT AS GOLD SALES AGENT FOR PORTUGAL SO THAT
THE ESF LINE OF CREDIT WORKED OUT WITH PORTUGAL DECEMBER
31 SHOULD BE ABLE TO BE SIGNED WITHIN THE NEXT COUPLE OF
WEEKS.
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